

**CORPORATE INTEGRITY AGREEMENT  
ALTOONA ANESTHESIA ASSOCIATES, P.C.**

**I. Preamble**

A. This Corporate Integrity Agreement ("CIA") is agreed to by and among Altoona Anesthesia Associates, P.C. ("AAA, P.C."), a corporation incorporated under the laws of Pennsylvania, John H. Johnson, M.D., J. Michael Dinger, M.D., Stanley DeFay, M.D., John P. Bray, M.D., Mark S. Gorchesky, M.D., and Peter M. Matgouranis, M.D. as long as the individual physicians are employed by or associated with AAA, P.C. (collectively, "AAA"), and the Office of Inspector General of the United States Department of Health and Human Services ("OIG").

B. All of the persons and entities listed above shall be referred to collectively herein as the "Parties."

C. This CIA is part of and is incorporated by reference into the Settlement Agreement executed by the Parties this same date.

D. AAA agrees to pursue the courses of action set forth in this CIA to ensure that they and their directors, officers, managers, agents, and employees ("personnel") fully and accurately comply with Medicare regulations and program requirements.

E. In the event that one of the individual physicians named above is no longer employed by or associated with AAA, P.C., he/she will contact the OIG sufficiently ahead of time and make arrangements for a comparable CIA.

**II. Terms and Conditions**

A. Length of CIA

This CIA and the obligations assumed by AAA pursuant to it will take effect on the last date listed among the signature lines at the end of the CIA. It will remain in effect for five years thereafter.

B. Written Policies and Procedures

1. Within 90 days of the execution of this CIA, AAA shall develop written policies and procedures, including, *inter alia*, policies and procedures governing the submission of claims to the Medicare and Medicaid programs and the Code of Ethics as set forth in AAA's compliance plan. Among other things, these policies and procedures shall ensure that all claims submitted to Medicare and Medicaid by AAA are accurate and correctly identify the services ordered, provided, or supervised by the physician or other authorized nonphysician personnel.

2. Within 90 days of the execution of this CIA, AAA shall distribute the written policies and procedures to all personnel affected by them.

C. Training

1. Within 90 days of the execution of this CIA, AAA and all personnel involved in billing for services will participate in a training program designed to help assure that they understand all applicable Medicare and Medicaid statutes, regulations, guidelines, and Code of Ethics that they are expected to follow. In addition, AAA will arrange for all new personnel involved in billing for services to participate in such training no later than 30 days after they begin working for AAA. Until they have had the requisite training, such new employees will work under the direct supervision of an employee who has received such training.

2. This training program shall at a minimum provide for at least 4-6 hours on surgical anesthesia and 4-6 hours on Evaluation and Management services for each person during the first year of this CIA. In subsequent years under the terms of this CIA, the training program shall provide for 2-3 hours in each of these substantive areas, as appropriate.

3. Among other things, this training program shall cover the following topics:

- a. the billing standards and procedures for the submission of accurate bills for services rendered provided to Medicare and Medicaid;
- b. all applicable statutes, regulations, and guidelines related to Medicare and Medicaid billing, reimbursement, and fraud and abuse;
- c. the personal obligation of each individual involved in the billing process to ensure that such billings are accurate;
- d. the legal sanctions for improper billings; and
- e. AAA's policies regarding disciplinary actions for employees who fail to abide by the applicable Medicare and Medicaid statutes, regulations and guidelines and the requirements of AAA's compliance plan and this CIA.

4. All training required by this CIA shall be mandatory.

D. Independent Audits

1. AAA will retain an independent review organization, such as an accounting firm or consulting firm, to perform annual audits of AAA. The independent review organization will have expertise in Medicare and Medicaid billing requirements. The purpose of these audits is to help ensure AAA's compliance with AAA's written policies and procedures, the CIA, the Settlement Agreement, and all applicable laws.

2. The audit shall be aimed at ensuring that the federally-funded health care programs are billed appropriately for services which are rendered as claimed. AAA will prepare and submit for review and approval by OIG an audit work plan, which shall require regular internal monitoring, designed to determine the accuracy and validity of claims submitted to Medicare and Medicaid for reimbursement. To this end, the independent audit review will also address the following components:

a. An assessment of AAA's internal controls over their billing procedures to determine whether they are working effectively;

b. An assessment of whether AAA's policies, practices, and procedures comply with this CIA; and

c. An assessment of whether AAA's operations conform with its policies and procedures, as prescribed by this CIA, and are working effectively to prevent false billings to Medicare and Medicaid.

3. If such audits indicate billings which violate or conflict with Medicare or Medicaid rules and regulations, AAA shall promptly notify its carrier after becoming aware of the existence of such billings. AAA shall remedy such violations within 60 days or such additional time as may be agreed to by the carrier or PADPW.

4. If such audits indicate material deficiencies in AAA's Medicare and Medicaid billing processes, AAA shall include in its annual report to OIG: (a) the audit's findings concerning the material violation; (b) AAA's actions to correct such material violation; and (c) any further steps AAA plans to take to address such material violation and prevent it from occurring again. A material violation is one which has a significant, adverse financial impact on the Medicare and/or Medicaid programs.

5. The first such audit will be completed one year from the date of execution of this CIA and the Settlement Agreement.

6. Within 30 days of completion of each annual audit, AAA will send OIG a written report by the independent auditor detailing its findings and recommendations for corrective actions. The auditor's report will specify the auditing methods used, such as the Generally Accepted Accounting Principles, and include the basis for any statistically valid sampling.

E. Self-Disclosure of Probable Violations

During the term of this CIA, AAA will report to OIG any reliable evidence of actions that AAA, after promptly considering such evidence with outside consultants, believes constitute a probable violation of any State or federal civil or criminal statute, regulation, or guideline governing a federally-funded health care program. This paragraph is not intended to require the reporting of violations that have no significant or material impact on the Medicare or Medicaid programs. When such disclosure is required by the CIA, AAA shall make the required disclosure as soon as practicable, but, in no event, later than thirty calendar days after becoming aware of the existence of the probable violation. The evidence to be disclosed under this paragraph will include evidence relating to conduct by any of AAA's personnel and any person or entity with a financial interest in AAA's business, and it will include evidence disclosed to AAA from any source. Notwithstanding any other provision of this CIA, any disclosures of information obtained by AAA from its legal counsel shall not constitute a waiver of the attorney-client privilege. AAA will certify to OIG that all disclosures made under this paragraph have been fully investigated and that appropriate actions have been taken to ensure that AAA is in compliance with all state and federal civil and criminal statutes, regulations and guidelines governing all federally-funded health care programs. In the event that a formal or Freedom of Information Act ("FOIA") request is made pertaining to any of the reports or other documents pursuant to this CIA, OIG will review that request on a case-by-case basis and give written notice by certified mail to AAA's Chief of Compliance and Chairperson of the Compliance Committee, advising them of the request before any of the information is released in order to give them an opportunity to protest. Nothing in this paragraph waives OIG's right to enforce any and all laws and regulations governing any federally-funded health care program, subject to the release provisions of the Settlement Agreement signed this same date.

F. Reporting

1. Beginning 12 months after the execution date of this CIA and the Settlement Agreement, AAA will annually provide OIG with a written report specifying the actions it has taken in the preceding 12 months to comply with the requirements of the CIA. Included within the report will be a certification by AAA that they have developed the written policies and procedures required by the CIA, that they have implemented all training programs required by the CIA, and that they have adequately corrected all deficiencies brought to AAA's attention by independent audit review, through AAA's own internal procedures, or through any other means. If any deficiencies exist for

which no corrective action was taken, the report shall include an explanation of the decision to take no corrective action.

2. Attached to the annual report will be copies of all materials and curricula used in their training programs.

3. The reports, certifications, disclosures, and any other documents that the CIA requires AAA to submit to OIG shall be sent to:

Civil Recoveries Branch - Compliance Unit  
Office of Counsel to the Inspector General  
U.S. Department of Health and Human Services  
Cohen Building - Room 5527  
330 Independence Ave., S.W.  
Washington, DC 20201  
(202) 619-2078

4. The Parties agree that the reports provided pursuant to the CIA are being provided for the purpose of assisting the OIG in its responsibility to monitor and enforce the applicable laws as well as the compliance obligations as described herein.

#### G. OIG Inspection, Audit and Review Rights

1. In addition to any other rights OIG may have by statute, regulation, or pursuant to this CIA, upon reasonable advance notice but subject to federal law pertaining to matters such as substance abuse, confidentiality of medical records (e.g., cases involving HIV infection), and attorney-client privilege, OIG (or its duly authorized representative(s)) will be entitled to examine and copy AAA's books, financial records, medical records, federal and state health care programs claims submissions, and other documents related to the CIA, including their policies, procedures, and training materials, for purposes of verifying and evaluating: (a) AAA's compliance with the terms of the CIA and (b) AAA's compliance with the requirements of the Medicare and Medicaid programs and other federally funded health care programs. AAA shall make the documentation described above available to OIG at all reasonable times for inspection, audit, or reproduction. For purposes of this provision, OIG (or its authorized representative(s)) may interview any of AAA's employees or agents who consent to be interviewed at the person's place of business during normal business hours or at some other place and time as may be mutually agreed upon between the employee and OIG. Employees may elect to be interviewed with or without a representative of AAA present.

2. If the OIG determines a genuine need, based on the OIG's review of the annual report submitted by AAA, to conduct another independent audit or review to determine whether or the extent to which AAA is complying with its obligations under this CIA, AAA will prepare and submit for review and approval by the OIG an audit work plan designed to determine the accuracy and validity of claims submitted to Medicare and Medicaid for reimbursement. With this understanding, AAA agrees to pay for the reasonable cost of such audit or review for which the total cost shall not exceed \$50,000.

#### H. Dealing with Excluded or Convicted Persons or Entities

1. During the term of this CIA, AAA will not knowingly employ, for or without pay, or enter into a contract or business relationship with an individual or entity that has been convicted of a criminal offense related to the delivery of health care or has been listed by a federal agency as debarred, suspended or otherwise ineligible for federal program participation. In order to carry out this provision, AAA will make reasonable inquiry into the status of any potential employee, agent, or contractor, including a review of the OIG Cumulative Sanctions Report at <http://www.dhhs.gov/progorg/oig> and the General Services Administration's List of Parties Excluded From Federal Programs and Non-Procurement Programs at <http://www.arnet.gov/epl>.

2. During the term of this CIA, any current employee or contractor of AAA who is charged with a criminal offense related to the delivery of health care or who is made subject of a proposed debarment, suspension or exclusion during their employment or contractual relationship with AAA will be removed from responsibility for or involvement with AAA's provision of services to beneficiaries of Medicare, Medicaid, or any other federally-funded health care program until the resolution of such criminal charges, suspension, or proposed debarment once AAA becomes aware of such information. If the employee or contractor is convicted, debarred, or excluded during the term of this CIA, AAA will immediately terminate the individual from employment or contract after becoming aware of such information. As part of their annual report to OIG, AAA shall notify OIG of each such personnel action taken and the reasons therefore.

#### I. Breach and Default Provisions

1. If OIG believes AAA (or any of the individual physicians) has materially breached one or more of its obligations under the CIA, OIG (or its duly authorized representative) will notify AAA (and/or any of the individual physicians) of the alleged breach, in writing, specifying the circumstances of the alleged breach. A material breach is a failure by AAA (or any of the individual physicians) to meet an obligation under this CIA that has a significant, adverse impact on the Medicare and/or Medicaid programs.

2. AAA (or any of the individual physicians) will have thirty (30) calendar days from receipt of the notice to demonstrate to OIG that: (a) they are not in material breach; (b) the material breach has been cured; or (c) the material breach cannot be reasonably cured within 30 calendar days, but that AAA (or any of the individual physicians) has taken significant action to cure the material breach and is pursuing such action with reasonable diligence.

3. If, in response, OIG contends: (a) AAA (or any of the individual physicians) is in material breach and that it is reasonable for such breach to have been cured within 30 calendar days, but AAA (or any of the individual physicians) has failed to do so; or (b) that AAA is in material breach and, although it is not reasonable for such breach to have been cured within 30 calendar days, AAA (or any of the individual physicians) has not taken significant action to cure the breach or has not done so with reasonable diligence, it may declare AAA (or any of the individual physicians) in default and impose stipulated monetary penalties in lieu of exclusion, or take action to exclude AAA (or any of the individual members of AAA) from participation in the Medicare, Medicaid, and all other federal health care programs, as defined in 42 U.S.C. § 1320a-7b(f) until such time as the breach is cured.

4. Upon notification of its intent to exclude or assess stipulated monetary penalties, OIG shall make available to AAA (or any of the individual physicians) the due process afforded a respondent under 42 U.S.C. § 1320a-7b(f) and its implementing regulations. Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for exclusion or assessment of stipulated monetary penalties based on breach of this CIA will be: (a) whether AAA (or any of the individual physicians) materially breached one or more of its obligations under the CIA at the time of and as specified in the notice of breach given to AAA (and/or any of the individual physicians); (b) whether it was reasonable for such breach to have been cured within 30 calendar days; (c) whether AAA had taken significant action to cure the breach or had done so with reasonable diligence; (d) whether such breach was continuing on the date OIG notified AAA (or any of the individual physicians) of its intent to exclude or impose stipulated monetary penalties in lieu of exclusion.

#### J. Corporate Compliance Committee

The Board of Directors of AAA shall appoint a Chief of Compliance who will have primary oversight of its compliance efforts pursuant to this CIA. The Chief of Compliance will serve as a member of a Compliance Committee which shall consist of at least three members, including two anesthesiologists. The Chief of Compliance is authorized to act independently as to the day-to-day compliance efforts. The Compliance Committee, which is responsible for the overall implementation and reporting requirements of the CIA, may, however, override the Chief of Compliance by majority vote. AAA shall notify OIG of the names, addresses and telephone numbers of the Chief of Compliance and the Chairperson of the Compliance Committee, who shall be an anesthesiologist.

They will be the point of contacts, and the OIG shall be required to notify both the Chief of Compliance and the Chairperson of the Compliance Committee should any representative of OIG have any questions or concerns regarding AAA's compliance with the provisions of the CIA.

K. Document and Record Retention

AAA shall maintain for inspection all documents and records relating to their Medicare and Medicaid billing and reimbursements with respect to AAA, including the charge sheets upon which such claims are based, for a period of six years following the execution of this CIA.

L. Cooperation

An obligation under the terms of this CIA shall be AAA's good faith cooperation with any civil, criminal or administrative investigations or proceedings related to its status as a provider of federally-funded health care programs. This provision shall not require AAA or any of its employees to waive or forego any administrative, statutory or constitutionally guaranteed rights. A material failure to cooperate shall be treated as a breach of the terms of this CIA.

M. Modification

Any modification to this CIA must be made in writing signed by all the Parties to the CIA.

N. Integration Clause


This CIA and the Settlement Agreement entered into by the Parties embody the entire agreement and understanding of the Parties with respect to the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants, or undertakings other than those expressly set forth or referred to in this CIA and the Settlement Agreement.



IN WITNESS WHEREOF, the Parties hereto affix their signatures.

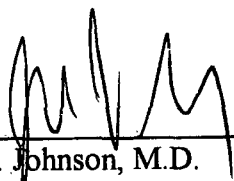
**FOR THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**DATED:** 12/22/97

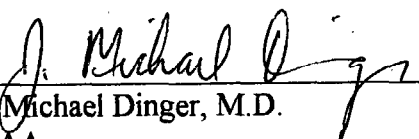
  
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Lewis Morris  
Assistant Inspector General for Legal Affairs  
Office of Counsel to the Inspector General  
Office of Inspector General  
U. S. Department of Health and Human Services

**FOR ALTOONA ANESTHESIA ASSOCIATES, P.C.**

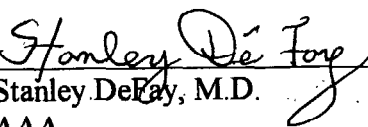
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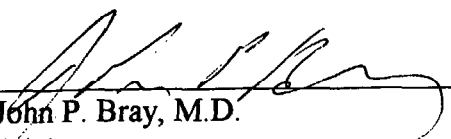
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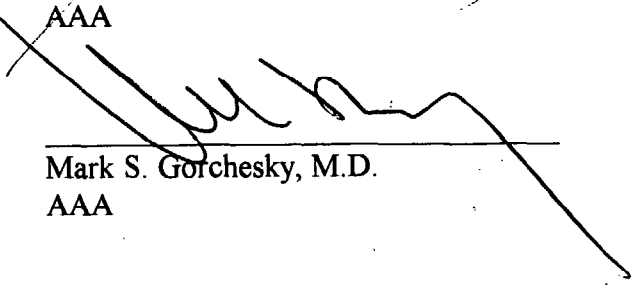
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Stanley DeFay, M.D.  
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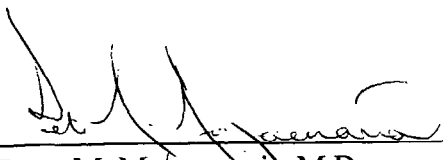
  
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AAA

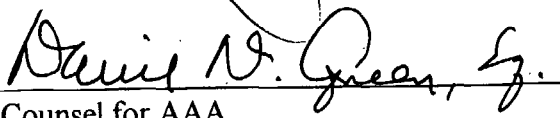
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Mark S. Gorchesky, M.D.  
AAA

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Date

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Peter M. Matgouranis, M.D.  
AAA

  
Counsel for AAA